Exhibit 39

Excerpts of December 4, 2013 C. Moore Deposition Transcript

IN RE: CITY OF DETROIT

CHARLES MOORE

December 4, 2013

Prepared for you by

BIENENSTOCK
NATIONWIDE COURT REPORTING & VIDEO

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date?
A. We would have finalized that in early June, sometime prior to June 14th, but that period of time between the beginning of May and June 14th is when we would have finalized that number.
Q. Now, that $1.25 billion number has not changed since June 14th, correct?
A. Correct.
Q. It is still the City's intention to pursue $1.25 billion in restructuring and reinvestment initiatives even as we sit here in December 2013, correct?
A. Yes.
Q. Now, at the time that it made its recommendation, the City of Detroit had not yet filed for bankruptcy, correct?
A. Correct.
Q. And it was not known at that time whether the City would or would not file, right?
A. Correct.
Q. How did Conway MacKenzie determine how much money it thought the City should spend on the restructuring and reinvestment initiatives?
A. Well, it was a, as I say, a very iterative process, which had at its goal what does the City need to do in

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order to be able to operate effectively, and those were the recommendations that we made in order for that to happen.
Q. So is it a fair statement to say that you had the goal of making the City, you had the goal of trying to get the City to operate effectively, you made an assessment of what needed to be done to achieve that goal, and then you made an assessment of how much it would cost to achieve the things that needed to be done to meet the goal.
A. Yes.
Q. In considering how much the City should spend on the restructuring and reinvestment initiatives, did Conway MacKenzie make any effort to determine how much the City had to spend? How much was available to the City to spend.
A. As it relates to the work that we did in coming up with these items, we did that without regard to what cash was available.
Q. Is it fair to say you were told go figure out what we need to do to achieve our goals of effective service provision, how much it will cost, and come back and tell me the answer, don't worry about what we have to work with?
A. I think that's a fair statement. Now, obviously no

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one said those exact words, but yes, how you have characterized it, which is go figure out what it will take to get us to the point where we're operating effectively.
Q. And that direction came to you from Mr. Orr?
A. It would have started actually with the people that were involved prior to Mr. Orr's appointment.
Q. And that was, tell me that gentleman's name again.
A. Chris Andrews was the, he started off as program management director. He moved into the chief operating officer role. He was our primary person with whom we interacted.
Q. And the direction that he gave you that you summarized well for me was consistent with the direction that Mr. Orr gave you in terms of how you should continue doing what you were doing.
A. Yes.
Q. Mr. Orr didn't say stop, wait, you're going about it all wrong. He allowed you to continue doing the process the way you described it.
A. That's correct.
Q. Now, you're an experienced turnaround guy and you I think live around here, is that correct?
A. Yes.
Q. So you were aware that the City had substantial debts,

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correct?
A. Yes.
Q. But your process involved putting your awareness of those debts to one side and considering what needed to be done and how much it would cost, is that correct?
A. Yes.
Q. Now, what role did Ernst & Young have in formulating the amount of the restructuring and reinvestment initiatives, the amount of spending over the 10 years?
A. The way that the process worked is that Ernst & Young prepared what we refer to as a baseline financial projection, which is going out 10 years, based on how the City is operating right now, what the City's financial picture would look like.
Conway MacKenzie's work product, which are the restructuring and reinvestment initiatives, were then layered on top of that by department to then come up with what is referred to as the restructured financial projection going out 10 years. That's how that came together.
Q. And then there was a necessary third step, right? Because when you layered those things together, the City obviously operated in even deeper deficit than it did prior to the reinvestment initiatives, right?
A. Yes.

Q. The third step was to take the unsecured legacy liabilities and back them out of the equation to see whether the City could afford the restructuring and reinvestment initiatives and to see if there was any money left over for those unsecured creditors, right?
A. Essentially, yes. It was looking at taking the revenue that was coming into the City, the expenses that would remain, the reinvestment and restructuring, and then figuring out after that what cash the City would have to pay towards its obligations. Previous obligations I should say.
Q. So obviously I represent a creditor who looks at it from its own vantage point, I take it you're aware of that?
A. I understand that.
Q. But it's fair to say that what the money that was available for creditors came after the City assumed it would be undertaking all of the restructuring and reinvestment initiatives, correct?
A. That is how we have laid it out, yes.
Q. You backed into it so to speak.
A. We determined what cash would be available and then that cash would go towards these previous obligations.
Q. Now, at the time that you made this proposal to Mr. Orr that was then included in the June 14th

proposal, what was your understanding about how the restructuring and reinvestment initiatives would be funded?
A. That discussion was something that essentially as we were going through this was part of the financial projection process, so as we layered on our restructuring and reinvestment initiatives to the Ernst & Young baseline forecast, we looked out and we said there's a surplus here. That surplus over the 10-year period was approximately $800 million.
So from that standpoint there was an indication that this -- these items could be funded by the City. The timing of those and whether there was going to be sufficient cash by the City itself to fund those certainly was not finalized or decided upon by June 14th.
Q. I see. You're saying you looked in the aggregate and understood whether you could make it work in the aggregate over the 10-year period, with respect to how any one year might be focused, funded, whether out of operations or debt or whatever, you didn't look at that until later.
A. That's right.
Q. I know that money is fungible, so I know that it's tough to talk about what is the funding source for

things, but at a logical level, isn't it fair to say that what was funding the reinvestment and restructuring initiatives that were being proposed were the cuts to the unsecured creditors?
A. Not necessarily, because you have mentioned the 1.25 billion number. There are revenue initiatives of approximately $250 million during that time period and then in addition to that an anticipated increase in revenue of approximately $350 million; so during that 10-year period there's $600 million of additional revenue that we anticipate would be coming in.
When you compare that to the 1.25, that funds approximately half of that. Within that $1.25 billion, the City would have capital expenditures, normal capital expenditures every year anyways. This is not just incremental capital expenditures. Within the $1.25 billion, that is complete capital expenditures.
Q. So okay, I think I understand what you said. Capital expenditures in terms of average capital expenditures that the City "typically makes."
A. Yes.
Q. Are included in the $1.25 billion, as well as the incremental capital expenditures you are recommending that it makes.

A. Yes.
Q. Even under the revenue enhancements that you hope that the restructuring and re-initiatives will generate, there's still a sizeable portion of the restructuring and reinvestment initiatives that it was anticipated by logical extension would be funded by cuts to creditors, correct?
MR. HAMILTON: Object to form.
You can answer.
A. The -- taking a step back, again, capital expenditures of any kind are included in the $1.25 billion. There is an amount that would have to be there no matter what.
If you look at what that amount may be based on history, there's an argument to be made that perhaps $600 million of that 1.25 would be there anyways; so it could be that that -- of that 1.25, the incremental portion is funded through the revenue initiatives.
BY MR. HACKNEY:
Q. At some point we're kind of engaging in a mental exercise to begin with by talking about what dollar is funding what, I understand that, but that's in part your answer that you just gave me would be based on whether you would allocate the capital expenditures